



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

**Date:** 2/15/2008

**GAIN Report Number:** VE8011

## Venezuela

### Agricultural Situation

### Rice Production Incentives Proposed, Imports Needed

**2008**

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**Report Highlights:**

According to Venezuela's Rice Milling Association, production incentives are needed to expand domestic rice output. Imports will be needed to meet market demand.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Trade Report  
Caracas [VE1]  
[VE]

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**Executive Summary**

According to industry representatives, imports of about 240,000 metric tons are needed to meet local demand for rice, as consumption has been increasing more rapidly than domestic output. Further, rice farmers have seen production costs increase, and as such, the industry is requesting increased farm-gate prices, too.

Begin informal summary

**Request To Import 240,000 Tons of Rice**

Rice producers and rice processing industry representatives met with the National Assembly's Economic Development Committee, and requested that they implement policies that provide incentives to produce and supply rice. The Director of ASOVEMA (Venezuela's rice miller association) Maria Salas reported that production increased about 37 percent and consumption of white rice increased by about 49 percent between 2001 and 2007. According to her, "in spite of increased plantings, consumption expanded more rapidly than output, and therefore there is a deficit." Therefore, farmers and industry representatives said at the National Assembly that imports of about 240,000 metric tons of paddy rice will be needed, and also 22,000 additional hectares will be needed to be planted between June and September. Ms. Salas said that the rice industry had to absorb about 64 percent inflation, an increase of 88 percent in salaries, a 47 percent increase in the price of packaging material, a 58 percent increase in fuel costs, a 47 percent increase in the cost of raw material, and a 119 percent increase in the price of transport. For these reasons, it is clear that an increase of 30 percent in the price of processed rice is not sufficient when producers received an increase of 44 percent.

End Informal Summary

Source: El Nacional Journal, dated February 14, 2008